

EXCEPTION



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ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

AZ CORP COMMISSION

Arizona Corporation Commission

DOCKETED

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JIM IRVIN  
COMMISSIONER-CHAIRMAN  
TONY WEST  
COMMISSIONER  
CARL J. KUNASEK  
COMMISSIONER

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IN THE MATTER OF THE COMPETITION IN ) DOCKET NO. RE-00000C-94-0165  
THE PROVISION OF ELECTRIC SERVICES )  
THROUGHOUT THE STATE OF ARIZONA ) EXCEPTIONS TO RECOMMENDATIONS OF  
HEARING OFFICERS JANE L. RODDA AND  
TEENA WOLFE

The Arizona Transmission Dependent Utility Group<sup>1</sup>, by its undersigned counsel, herewith submits exceptions to the Proposed Order concerning changes to the Electric Competition Rules. The references are to the "strike and add" version of Appendix A to the Proposed Order and its revised numbering system.

R14-2-1601(4). The proposal to collect stranded costs from all users of a distribution system is unconscionable. Retail customers are already paying full costs. Those that choose to stay with a system under a Standard Offer tariff will still be paying for everything. Under this proposal, they will now be subsidizing those who use another Electric Service Provider. That is ridiculous.

R14-2-1601(26). The addition of the phrase "as may be determined by the Federal Energy Regulatory Commission" is confusing. It is hard to tell what determination within the preceding sentence is tied to that clause. It is clear that FERC has a role to play. It is also clear that this is an issue

<sup>1</sup> Aguila Irrigation District, Ak-Chin Indian Community, Buckeye Water Conservation and Drainage District, Central Arizona Water Conservation District, Electrical District No. 3, Electrical District No. 4, Electrical District No. 5, Electrical District No. 7, Electrical District No. 8, Harquahala Valley Power District, Maricopa County Municipal Water District No. 1, McMullen Valley Water Conservation and Drainage District, Roosevelt Irrigation District, City of Safford, Tonopah Irrigation District, Wellton-Mohawk Irrigation and Drainage District.

1 to be captured under "other issues" to be submitted to the Attorney General  
2 by February 24<sup>th</sup> and collectively from the Attorney General to the Commission  
3 by March 1<sup>st</sup> under a prior Procedural Order. This language can stand for now  
4 the way it is as long as everyone understands it is a placeholder for a later  
5 discussion and is part of the larger discussion of the relative roles of FERC  
6 and the Commission. Otherwise, the language should be reworked to more  
7 clearly identify the writer's intent before initiating the rulemaking  
8 process.

9 R14-2-1601(36). We continue to object to nuclear fuel disposal and nuclear  
10 power plant decommissioning programs being included in "System Benefits".  
11 These are clearly generation-related activities that should be considered as  
12 part of generation charges. Appropriate portions of these costs should be  
13 included in Stranded Costs.

14 R14-2-1607.F. The CTC rule should remain as it is. Charging all retail  
15 customers that use a distribution system twice is such bad public policy that  
16 it should not have even entered the discussion.

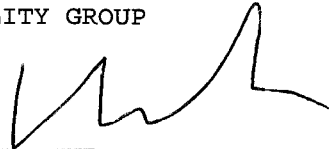
17 R14-2-1609.A. We are told that some object to the addition of the reference  
18 to FERC Orders 888 and 889 here. We support this addition. Again, this is  
19 part of a later discussion of other issues related to the jurisdictional  
20 split between FERC and the Commission. Placing this reference here is  
21 entirely correct.

22 It is our understanding that the purpose for asking for exceptions at  
23 this stage of the process is to allow the Commission to get a sense of the  
24 most controversial or erroneous suggested changes that have been proposed so  
25 that further refinement of this proposal can precede the Administrative  
Procedure Act rulemaking necessary to implement changes to the Rules and to  
put them back into effect. We appreciate the opportunity to participate in

1 this advance discussion and we look forward to further participation in the  
2 formal rulemaking process.

3 RESPECTFULLY SUBMITTED this 17<sup>th</sup> day of February, 1999.

4 ARIZONA TRANSMISSION DEPENDENT  
5 UTILITY GROUP

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11 Original and 10 copies of the  
12 foregoing filed this 17<sup>th</sup> day  
13 of February, 1999 with:

14 Docket Control  
15 Arizona Corporation Commission  
16 1200 West Washington Street  
17 Phoenix, Arizona

18 Copies of the foregoing mailed  
19 this 17<sup>th</sup> day of February, 1999,  
20 to:

21 Service List for Docket No. RE-00000C-94-0165

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